

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 AID-05 EB-08 TRSE-00 OMB-01 COME-00 FRB-03
FAA-00 DOTE-00 DHA-02 IO-13 OES-07 DLOS-09 /109 W
-----008694 300206Z /72

R 291944Z JUL 77
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 8578
INFO AMEMBASSY BOGOTA
AMEMBASSY BRIDGETOWN
AMEMBASSY LA PAZ
AMEMBASSY KINGSTON
AMEMBASSY PORT OF SPAIN
USCINCO QUARRY HTS CZ
USCINCLANT NORFOLK VA (FOR POLAD)

C O N F I D E N T I A L SECTION 1 OF 2 CARACAS 7532

E.O. 11652: GDS
TAGS: PFOR, EGEN, EFIN, PINT, PINS, BL, VE
SUBJECT: THIS WEEK IN VENEZUELA

REF: CARACAS 7375 (NOTAL)

SUMMARY. AD PROCLAIMS PARTY UNITY WHILE COPEI CLAIMS AD
PRIMARY RESULTS INDICATE POPULAR DISSATISFACTION WITH GOV.
HERRERA CAMPINS BECOMES AN OFFICIAL COPEI PRESIDENTIAL
CANDIDATE. TV PERSONALITY RENE OTTOLINA VIRTUALLY ANNOUNCES
HIS INDEPENDENT PRESIDENTIAL CANDIDACY. GOV DENIES BOLIVAR
EXCHANGE RATE WILL BE CHANGED FOLLOWING WAVE OF RUMORS TO
THAT EFFECT. PRESIDENT BANZER VISITS VENEZUELA. LAWYERS
FOR "CUBANA AIRLINER" DEFENDANTS RECEIVE JAIL SENTENCES
FOR INSULTING THE JUDGE. IN INDIRECT DEVELOPMENTS RELATED
TO THE AFTERMATH OF THE NIEHOUS CASE, LEFTISTS COMMEMORATE
THE DEATH OF JORGE RODRIGUEZ AND INTERIOR MINISTER LEPAGE
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DENIES RUMORS THAT DEPUTY SALON MEZA MAY BE SET FREE.
END SUMMARY.

1. AD SINGS ITS UNITY SONG WHILE COPEI CLAIMS PRIMARY
RESULTS INDICATE POPULAR DISSATISFACTION WITH GOVERNING
PARTY. THIS WEEK, AD POLITICIANS, PUBLICLY AND
PRIVATELY PATTED THEMSELVES ON THE BACK AT THE SUCCESS OF

THEIR JULY 17 PRIMARY AND ANNOUNCED THAT THE PARTY IS UNIFIED BEHIND DEPUTY LUIS PINERUA ORDAZ. ON THE OTHER HAND, FORMER PRESIDENT CALDERA SPEAKING FOR COPEI CLAIMED THAT PINERUA ORDAZ IS THRUST UPON THE HORNS OF A DILEMMA SINCE HE WISHES TO DISASSOCIATE HIMSELF FROM THE PEREZ ADMINISTRATION ON THE ONE HAND, BUT MUST NECESSARILY PRAISE IT ON THE OTHER. CALDERA ADDED THAT AD'S PLATFORM WILL ALSO REFLECT THESE CONTRADICTIONS. HE ALSO PLAYED ON THE THEME OF INTERNAL DIVISION WITH AD, DEMONSTRATED TO THE POPULATION BY THE 40 PERCENT ABSTENTION IN THE AD ELECTION A DEVELOPMENT WHICH WILL DIRECT "THE EYES OF A GROWING NUMBER OF VENEZUELAN" TOWARD THE COPEYANO ALTERNATIVE.

COMMENT: OUR OBSERVATIONS LED US TO CONCLUDE THAT AD HAS EMERGED RELATIVELY UNSCATHED FROM THE RATHER BRUISING INTRA-PARTY BATTLE BETWEEN PINERUA AND LUSINCHI. THE PARTY CONVENTION NEXT MONTH WILL BE A GOOD INDICATION OF JUST HOW FAR UNITY EXTENDS, SINCE SEVERAL KEY SUPPORTERS OF LUSINCHI MIGHT BE "PURGED" FROM THE CEN (AD'S NATIONAL EXECUTIVE COMMITTEE). ON THE OTHER SIDE, THE COPEYANOS MUST ALSO BE CAREFUL NOT TO OVEREMPHASIZE THE ISSUE OF THE LEVEL OF AD ABSTENTIONS, SINCE BY MOST STANDARDS (INCLUDING U.S. PRIMARIES, ALTHOUGH NOT DIRECTLY ANALOGOUS) THE FACT THAT AD TURNED OUT OVER 60 PERCENT OF ITS PARTY MEMBERSHIP IS A LAUDABLE FEAT. IN ADDITION, REPEATED EMPHASIS ON THIS POINT COULD FOCUS ATTENTION ON THE FACT THAT THE COPEYANOS WILL CHOOSE THEIR CANDIDATE IN A PARTY CONFIDENTIAL

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CONVENTION WHERE THE AVERAGE PARTY MEMBER HAS NO SAY.

2. LUIS HERRERA CAMPINS OFFICIALLY PRESENTS HIS CANDIDACY TO COPEI ELECTORAL COMMISSION. SENATOR LUIS HERRERA CAMPINS' NAME WAS OFFICIALLY INSCRIBED BY 100 OF HIS BACKERS BEFORE THE COPEI ELECTORAL COMMISSION, ON JULY 28 AS A CANDIDATE FOR HIS PARTY'S PRESIDENTIAL NOMINATION. ARTISTIDES BEAUJON, THE ONLY OTHER DECLARED COPEYANO CANDIDATE, WILL OFFICIALLY BE INSCRIBED TODAY.

COMMENT: THE LIST OF SUPPORTERS FOR HERRERA CAMPINS READS LIKE A "WHO'S WHO OF COPEI" AND INCLUDES NUMEROUS POLITICAL FIGURES FROM THE CALDERA ADMINISTRATION. HERRERA CAMPINS' NOMINATION IS A FOREGONE CONCLUSION WHEN THE PARTY CONVENTION MEETS NEXT MONTH. IN FACT, A KNOWLEDGEABLE PARTY STALWART INFORMS US THAT IT IS POSSIBLE THAT BEAUJON MAY DECIDE TO WITHDRAW HIS CANDIDACY BEFORE THE CONVENTION TO AVOID BEING CRUSHED BY THE HERRERA STEAMROLLER.

3. YET ANOTHER INDEPENDENT PRESIDENTIAL CANDIDATE? - TV PERSONALITY RENE OTTOLINA - THE MAN IN THE WHITE MERCEDES. IN ADDITION TO THE POSSIBLE INDEPENDENT PRESIDENTIAL CANDIDACY OF DIEGO ARRIA (SEE CARACAS 6384), RENNY OTTOLINA, A POPULAR

CARACAS TV PERSONALITY WHO ALSO STARS IN MANY VENEZUELAN COMMERCIAL, VIRTUALLY ANNOUNCED HIS CANDIDACY AS AN INDEPENDENT FOR PRESIDENT JULY 28. OTTOLINA HAS NO PARTY AFFILIATION, AND WOULD PRESENT HIMSELF AS AN ANTI-POLITICIAN, WHO REJECTS POLITICAL PARTY MACHINES. HE CLAIMED THIS WEEK THAT HE WILL OBTAIN 200,000 SIGNATURES IN SUPPORT OF HIS CANDIDACY AND SOME OF HIS MOST FERVENT BACKERS THINK HE COULD GET EVEN MORE.

COMMENT: OTTOLINA IS A SELF-MADE MILLIONAIRE WITH FINANCIAL SUPPORT FROM CONSERVATIVE BUSINESS INTERESTS. HE HAS NO FIXED IDEOLOGY, BUT WILL PITCH HIS CAMPAIGN TOWARD IMPROVING CONDITIONS FOR THE SLUM-DWELLERS OF CARACAS WHERE HIS SUPPORTERS ARE NOW WORKING TO DRUM UP SIGNATURES. HIS PUBLIC STATEMENTS TO DATE INDICAT HE WOULD RUN AN ECLECTIC CAMPAIGN. CONFIDENTIAL

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FOR EXAMPLE, HE STATES HE WOULD CHOOSE THE BEST CABINET TEAM FROM ALL POLITICAL PERSUASIONS, AND WOULD NOT EXCLUDE TEODORO PETKOFF, THE MAS THEORETICIAN AS A POSSIBLE MINISTER. FEW PARTY PROS TAKE HIS CANDIDACY SERIOUSLY, ALTHOUGH HE UNDOUBTEDLY HAS THE FINANCIAL BACKING TO RUN A CAMPAIGN.

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DOTE-00 DHA-02 IO-13 OES-07 DLOS-09 /106 W
-----011997 300205Z /72

R 291944Z JUL 77

FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 8579
INFO AMEMBASSY BOGOTA
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AMEMBASSY PORT OF SPAIN
USCINCSO QUARRY HTS CZ
USCINCLANT NORFOLK VA (FOR POLAD)

C O N F I D E N T I A L SECTION 2 OF 2 CARACAS 7532

SHOULD HE AND DIEGO ARRIA TAKE THE PLUNGE (THE LATTER HAS APPARENTLY NOT YET DECIDED IF HE WILL DO SO), THEIR PRESENCE IN A CLOSELY CONTESTED AD-COPEI RACE CONCEIVABLY COULD PROVIDE A COMPLICATING FACTOR.

4. RUMORS OF DEVALUATION/REVALUATION. CARACAS HAS BEEN FLOODED WITH RUMORS OF AN ADJUSTMENT IN THE VALUE OF THE BOLIVAR DURING THE PAST TWO WEEKS, PROMPTING DENIALS FROM HIGH GOVERNMENT LEADERS (INCLUDING THE PRESIDENT) THAT ANY EXCHANGE RATE CHANGE OR EXCHANGE CONTROLS WERE CONTEMPLATED. THE BOLIVAR IS TIED TO THE DOLLAR (BS 4.30 EQUALS \$1.00) AND HAS EXPERIENCED AN EFFECTIVE DEVALUATION DURING THE PAST WEEKS AS THE VALUE OF THE DOLLAR DECLINED AGAINST OTHER MAJOR CURRENCIES. SOME 26 PERCENT OF VENEZUELA'S IMPORTS ARE FROM JAPAN, WEST GERMANY AND SWITZERLAND, MAKING PURCHASES FROM THESE COUNTRIES MORE EXPENSIVE THAN BEFORE. BUT THE U.S. REMAINS VENEZUELA'S SINGLE LARGEST SUPPLIER OF GOODS AND SERVICES AND
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THE DECLINE OF THE DOLLAR SHOULD MAKE U.S. EXPORTS MORE COMPETITIVE THAN BEFORE. A CHANGE IN THE VALUE OF THE BOLIVAR WOULD NOT AFFECT THIS COUNTRY'S EXPORTS (95 PERCENT PETROLEUM) SINCE ALL CONTRACTS ARE FIXED IN DOLLARS. A DEVALUATION WOULD TEND TO STIMULATE FURTHER PRICE INCREASES IN THIS IMPORT DEPENDENT COUNTRY, WHILE A REVALUATION WOULD TEND TO EXACERBATE VENEZUELA'S WORSENING BALANCE OF PAYMENTS SITUATION. THUS, WHILE WE CANNOT RULE OUT A CHANGE IN THE VALUE OF THE BOLIVAR, WE BELIEVE IT UNLIKELY IN THE NEAR TERM.

5. PRESIDENT BANZER OF BOLIVIA VISITS VENEZUELA. PRESIDENT HUGO BANZER OF BOLIVIA ARRIVED IN CARACAS JULY 27 FOR A TWO-DAY STATE VISIT IN WELCOMING REMARKS, PRESIDENT PEREZ INDICATED VENEZUELA'S SUPPORT FOR BOLIVIA'S DESIRE TO OBTAIN AN OUTLET TO THE SEA. BOTH PRESIDENTS ALSO EXPRESSED THEIR FULL BACKING FOR PANAMA IN ITS ASPIRATION FOR AN EQUITABLE CANAL TREATY. VENEZUELA'S MARXIST PARTIES CRITICIZED THE GOV FOR INVITING BANZER, "A MILITARY DICTATOR." IN A PRESS CONFERENCE JULY 28, BANZER REPEATED THE GOB'S TIMETABLE FOR RETURN TO DEMOCRACY BY 1980, (WHICH WAS PRAISED BY PRESIDENT PEREZ IN A STATE DINNER SPEECH PREVIOUS EVENING), LAUDED HIS COUNTRY'S HUMAN RIGHTS RECORD, AND SAID, INTER ALIA, THAT DETENTION OF SOME PERSONS IS REQUIRED TO PROTECT THE COUNTRY'S SECURITY.
COMMENT: PRESIDENT PEREZ CONVINCED BANZER TO POSTPONE HIS DEPARTURE TO FLY TO THE PORT CITY OF PUERTO CABELLO WHERE THE VENEZUELAN WILL TURN OVER A SHIP TO BOLIVIA. THE TWO PRESIDENTS WILL SIGN A JOINT COMMUNIQUE TODAY ABOARD

THE VESSEL. THE EMBASSY WILL REPORT FURTHER ON THE VISIT
FOLLOWING PUBLICATION OF THE COMMUNIQUE

5. LAWYERS FOR "CUBANA AIRLINER" DEFENDANTS RECEIVE JAIL
SENTENCES FOR INSULTING JUDGE. IN A FULL-PAGE AD PUBLISHED
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IN THE JULY 25 EL NACIONAL FOUR OF THE LAWYERS REPRESENTING
THE "CUBANA AIRLINER" DEFENDANTS ACCUSED JUDGE DELIA ESTAVA
MORANDO OF GROSS CRIMINAL MISCONDUCT IN THE HANDLING
OF THE CASE. THEIR BILL OF PARTICULARS, AMONG OTHER THINGS,
SAID THE JUDGE HAS ABANDONED HER SACRED JUDICIAL MISSION TO
THE INTERESTS OF PASSION, AND THAT SHE HAS CREATED "A
JUDICIAL EXECUTION WALL (PAREDON)," AN EXTREMELY INSULTING
TERM IN SPANISH, WHICH IS ALL THE MORE SO BECAUSE IT IMPLIES
SHE IS PRO-CASTRO IN THIS CONTEXT. THE ABUSIVE LANGUAGE
BROUGHT A STRONG REACTION FROM THE JUDGE WHO ISSUED ARREST
WARRANTS ON JULY 28 FOR THE FOUR LAWYERS AND ORDERED THEM
DETAINED FOR EIGHT DAYS FOR INSULTS NOT ONLY TO HER
PERSON, BUT ALSO TO THE JUDICIAL SYSTEM OF VENEZUELA. THE
PRESS SPECULATED AS WELL THAT THE JUDGE MAY FILE CRIMINAL
CHARGES AGAINST THE LAWYERS FOR DEFAMATION.
COMMENT: THIS PUBLICITY POINTS UP ONCE AGAIN THE CLEAR
DILEMMA THE GOV FACES IN THE HANDLING OF THE CASE.
TO ACQUIT AND/OR RELEASE THE DEFENDANTS WOULD SERIOUSLY
DAMAGE VENEZUELA'S RELATIONS WITH CUBA AND ITS IMAGE AS A
COUNTRY OPPOSED TO TERRORISM. ON THE OTHER HAND, TO FIND
THE DEFENDANTS GUILTY WITHOUT ADEQUATE PROOF(A POSSIBILITY
SINCE THE CORPUS DELICTI ARE NOT AVAILABLE) WOULD REFLECT
UNFAVORABLY ON VENEZUELA'S HUMAN RIGHTS POSTURE AND ALIENATE
FURTHER THE ALREADY EMBITTERED LOCAL ANTI-CASTRO CUBAN
COMMUNITY. FOR THEIR PART, THE LAWYERS, WHO HAVE REPEATEDLY
CHALLENGED THE COMPETENCE OF JUDGE ESTAVE TO HEAR THE CASE,
OUTDID THEMSELVES THIS TIME TO GAIN PUBLICITY. FURTHER,
THE JUDGE'S REACTION PLAYED RIGHT INTO THEIR HANDS
AS THEY CAN NOW ADD "PERSUCUTION" TO THEIR LIST OF
GRIEVANCES.

7. NIEHOUS CASE AFTERMATH - LEFTISTS COMMEMORATE DEATH OF
JORGE RODRIGUEZ/LEPAGE DENIES NEW DEVELOPMENTS IN HANDLING
DEPUTY SALON MEZA'S CASE. ON JULY 25, THE MARXIST FRONT
GROUP, "SOLIALIST LEAGUE" (LS) HELD A MASS RALLY IN CARACAS
TO COMMEMORATE THE DEATH OF ITS LATE SECRETARY GENERAL, JORGE
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RODRIGUEZ, WHO WAS BEATEN TO DEATH BY POLICE AGENTS ONE YEAR

BEFORE. REPRESENTATIVES OF MEP, MIR, AND OTHER OR FRONT GROUPS, IN ADDITION TO LS, INCLUDING THE CLP, PARTICIPATED. IN ANOTHER DEVELOPMENT ARISING FROM THE NIEHOUS CASE, ON JULY 25 INTERIOR MINISTER LEPAGE CATEGORICALLY DENIED PRESS SPECULATION THAT DEPUTY SALON MEZA, WHO IS BEING TRIED BY A MILITARY COURT FOR COMPLICITY IN THE NIEHOUS CASE, WILL BE RELEASED SHORTLY.

8. OTHER REPORTING THIS WEEK INCLUDED FY 79 SECURITY ASSISTANCE (CARACAS 7485), NIEHOUS KIDNAPPING (CARACAS 7456), AMB. YOUNG'S TRIP TO CARIBBEAN (CARACAS 7449), NEW FOREIGN MINISTER CONSALVI DISCUSSED VENEZUELAN FOREIGN POLICY (CARACAS 7448), VENEZUELAN REACTIONS TO AMB. RICHARDSON'S STATEMENT (CARACAS 7417), CURRENT ASSESSMENT OF SINSURGENCY IN VENEZUELA (CARACAS 7403), CONSULTATIONS ON THEMES FOR RESUMED 31ST UNGA (CARACAS 7381), FINANCIAL ASSISTANCE TO PORTUGAL (CARACAS 7412), VENEZUELAN PETROLEUM PRODUCTION-MAY (CARACAS 7447), AND MAJOR PROJECTS - ORINOCO HEAVY OIL BELT (CARACAS 7478) AND PETROLEUM REFINERIES (CARACAS 7348).

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